

13 March 2009

Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

WARRO #3 REACHES TD, PIPELINE LICENCE GRANTED

Transerv is pleased to confirm that the Warro #3 appraisal well has successfully reached total depth (TD) of 4,280mRT and is preparing to record electric logs. Warro#3 has continued to encounter strong gas shows and hydrocarbon fluorescence in the recent drilling to the well's TD, providing further confirmation of a reservoir section very similar and correlative to the sections encountered in Warro 1 and 2.

The fracture stimulation of the target gas zones will commence before the end of March and is expected to take 3 weeks to complete. This will be followed by an extended production testing during May and June.

In addition, the Warro Joint Venture has received formal notification that Pipeline Licence (PL80) has been granted to facilitate transportation of gas from the Warro Gas Project to a location adjacent to the Parmelia and Dampier to Bunbury Pipelines. These existing pipelines deliver gas to the key domestic market in the South West of WA. The grant of the Pipeline Licence is a very significant step for the commercialisation of the project as it will allow the Joint Venture to proceed with the timely development of the field.

BACKGROUND ON THE WARRO GAS PROJECT

Transerv holds a 10% interest in the Warro Gas Project and is free carried for the first \$40m of project expenditure on the current evaluation program, which includes 2 to 3 wells plus seismic. This expenditure on the Warro Project evaluation program is being funded by Alcoa of Australia as part of their farm-in commitments. On completion of all farm-in expenditure obligations, including construction of production facilities, the project interests held will be Alcoa 65%, Latent Petroleum 25% (Operator) and Transerv 10%.

Warro #3 is an appraisal well to determine the flow rates achievable from the large Warro Gas Field using modern drilling and fracking technology. The field was originally discovered by WAPET in 1977 through a 2 well drilling program. If the evaluation program is successful, it will confirm the commercial viability of the Warro Gas Field, expected to yield 2-3 Tcf of recoverable gas for domestic consumption in WA.

The drilling and fracture stimulation techniques to be applied at Warro have been successfully developed in the USA, where tight gas projects now account for over 20% of its domestic gas supply. In 2008 Schlumberger undertook a detailed analysis of the two wells previously drilled at Warro to determine potential flow rates. Schlumberger predict that the application of modern fracking is likely to achieve commercial flows at Warro with initial daily flow rates of 5.1 to 6.8 MMcf per well, and total recovery per well of 5.8 to 6.4 Bcf.

For and on behalf of the Board